

Message Text

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E.O. 11652: GDS

TAGS: EFIN ETRD PFOR MNUC PARM KS

SUBJ: KAERI ATOMIC ENERGY PRESIDENT APPEALS FOR US SUPPORT

REF: SEOUL 1496

1. AS FOLLOW-UP TO WORKING LEVEL MEETINGS ON SCIENCE COOPERATION MEETING AGENDA REPORTED REFTEL, KOREAN ATOMIC ENERGY RESEARCH INSTITUTE (KAERI) PRESIDENT YUN YONG-KU CALLED ON AMBASSADOR MARCH 3 TO EMPHASIZE CONTINUING HIGH-LEVEL ROK INTEREST, PARTICULARLY IN BLUE HOUSE, IN OUTCOME OF FORTHCOMING APRIL MEETING ON ENERGY AND SCIENCE COOPERATION. DR. YUN EMPHASIZED THAT PRESIDENT PARK WILL PERSONALLY BE WATCHING OUTCOME CLOSELY. MOREOVER, KAERI WOULD BE PROFOUNDLY AFFECTED BY MEETING RESULTS, SINCE A SUBSTANTIAL AMOUNT OF KAERI EMPLOYMENT WOULD BE DEPENDENT ON POSITIVE U.S. FINANCIAL SUPPORT.

2. ULTIMATE ROK CRITERIA FOR SUCCESS OF APRIL MEETING ACCORDING TO YUN WOULD BE WHETHER PROMISE OF U.S. COOPERATION EXCEEDED BENEFITS WHICH KOREANS HAD EXPECTED TO REAP FROM CANCELLED FRENCH REPROCESSING CONTRACT. AS ROKS INDICATED IN WORKING LEVEL MEETINGS, SOFT LOAN FINANCING OF PROJECTS IN CATEGORY TWO OF KOREAN PROPOSED AGENDA FOR APRIL MEETING (PARA 4, REFTEL) WAS CRUX OF MATTER. IN THIS CONNECTION YUN RECONFIRMEF THAT FENCH LOAN TERMS FOR ITS REPROCESSING PILTT FACILITY HAD BEEN 6.75 PERCENT
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INTEREST, FOR TWELVE YEARS, WITH 3-5 YEAR GRJCE PERIOD. IF U.S.

WERE ONLY ABLE TO PROVIDE LESS ADVANTAGEOUS, COMMERCIAL LOANS FOR CATEGORY TWO PROJECTS IT WOULD BE DIFFICULT FOR KAERI TO JUSTIFY THEIR ACCEPTANCE. SOMETHING A BIT MORE FAVORABLE THAN COMMERCIAL TERMS WAS NECESSARY.

3. DR. YUN CONFIRMED THAT PRIORITY LISTING OF PROJECTS GIVEN TO US BY MOST ATOMIC BUREAU DIRECTOR YI PYONG-HWI AND REPORTED PARA 4, REFTEL WERE CURRENTLY GOVERNING FOR TWO REASONS: FIRST, THIS ORDER OF LISTING ACCORDED WITH THE RECORD OF THE CHOI-KRATZER DISCUSSIONS, AND SECOND, IT PLACED THE NEW PROJECTS NOT DISCUSSED BETWEEN MINISTER CHOI AND ACTING ASSISTANT SECRETARY KRATZER IN JANUARY LAST. QUESTIONED ABOUT PRECISION OF PRIORITY LISTING, YUN ADMITTED THAT IT WAS NOT UNALTERABLE; IN FACT AS IN CASE URANIUM MILLING PLANT FEASIBILITY STUDIES STILL HAD TO BE CONDUCTED AND NECESSITY FOR LOANS WOULD OF COURSE RELATE TO OUTCOME SUCH STUDIES.

4. IN COURSE CONVERSATION YUN MADE FOLLOWING ADDITIONAL REMARKS:

(A) KOREANS WERE MOVING AHEAD WITH FUEL FABRICATION PILOT PROJECT WITH FRENCH; AND (B) THEY DID NOT WISH TO INCLUDE REACTOR SIMULATOR THEY SEEKING IN COMMERCIAL CONTRACT (AMBASSADOR HAD SUGGESTED WESTINGHOUSE CONTRACT) BUT WANTED "NATIONAL" FINANCING FOR THIS "NATIONAL" TRAINING CENTER.

5. IN RESPONSE YUN'S COMMENTS, AMBASSADOR SAID USG WAS PREPARED TO DO ITS BEST TO MAKE VIABLE AND SATISFACTORY ARRANGEMENTS FOR FUTURE ENERGY AND SCIENTIFIC COOPERATION WITHIN FRAMEWORK KRATZER MEMO, AND IN THIS SENSE US AND ROK HAD COMMON OBJECTIVES. AMBASSADOR POINTED OUT THAT PRIORITY QUESTION WOULD BE IMPORTANT ONE TO RESOLVE SINCE IT SEEMED PROBABLE THAT KOREA COULD NOT DO ALL OF THE THINGS IT WISHED AT ONCE. THE REAL PROBLEM HOWEVER, WAS TYPE OF ASSISTANCE US MIGHT PROVIDE, FRANKLY AT THIS STAGE, AMBASSADOR SAID, WE HAD PHASED OUT OF AID BUSINESS, SHIFTED TO MORE SOPHISTICATED, COMMERCIAL TYPE FINANCING IN KOREA, AND THERE WERE NO PROVISIONS OR PLANS IN OUR AID PROGRAM FOR KINDS OF ASSISTANCE KOREA WAS REQUESTING. FURTHERMORE NO PROVISION FOR SUCH AID IN KRATZER MEMO. ACCORDINGLY, WE COULD NOT BE OPTIMISTIC ABOUT SOFT LOANS REQUESTED, AND ROKG SHOULD BE REALISTIC ABOUT THIS. AMOUNT OF ASSISTANCE SHOULD NOT BE CRITERIA FOR CONFIDENTIAL

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JUDGING SATISFACTORY ARRANGEMENTS. IMMEDIATE PROBLEM, SAID THE AMBASSADOR, WAS TO WORK OUT WHAT WOULD BE REALISTIC AS WELL AS TIME FRAME FOR PROPOSED PROJECTS. IN RESPONSE TO YUN'S URGING, AMBASSADOR SAID WE WOULD DO BEST WE COULD TO NAIL THESE MATTERS DOWN IN ADVANCE OF APRIL MEETING, SO THAT MEETING COULD FOCUS ON REALISTIC AGENDA AND ACHIEVE CONCRETE RESULTS.
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